

Green Municipal Fund

Annual Statement of
Plans and Objectives
2019–2020



FEDERATION
OF CANADIAN
MUNICIPALITIES

FÉDÉRATION
CANADIENNE DES
MUNICIPALITÉS

Annual Statement of Plans and Objectives 2019–2020
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Table of Contents

Introduction	10
The Green Municipal Fund	10
Purpose of this document	10
Year in Review	12
KRA 1: Empower Innovation (inspiration > demonstration > validation)	13
KRA 2: Accelerate the replication of proven sustainable solutions	13
KRA 3: Create a roadmap of the municipal sector's challenges and solution pathways.....	14
KRA 4: Establish the business case for and economic benefits of sustainable solutions.....	14
KRA 5: Be responsive to clients' needs.....	14
KRA 6: Leverage and mobilize GMF's knowledge, decision tools and capacity-building support for planning and executing sustainable projects	15
KRA 7: Collect and develop data to help direct the efforts of the municipal sector and its partners. 15	15
KRA 8: Attract capital and investments to the municipal sustainability sector (lever investments) and help municipalities access funds and identify new revenue streams	15
KRA 9: Ensure the GMF's sustainability and maximize its influence	16
KRA 10: Inspire municipalities and their partners by defining, recognizing and communicating the successes, lessons learned and triple bottom line benefits of sustainable solutions	16
KRA 11: Maintain excellence in governance, due diligence, project funding and oversight while balancing risks with returns	16
Conclusions	16
Context for ASPO 2019-2020	17
Next Key Focus Areas from the Five-Year Plan 2018-2023 for fiscal year 2019-2020	18
Expected Outcomes and Deliverables: 2019–2020	21
KRA 1: Empower Innovation (inspiration > demonstration > validation)	22
KRA 2: Accelerate the replication of proven sustainable solutions	23
KRA 3: Create a roadmap of the municipal sector's challenges and solution pathways.....	24
KRA 4: Establish the business case for and economic benefits of sustainable solutions.....	25
KRA 5: Be responsive to clients' needs.....	26
KRA 6: Leverage and mobilize GMF's knowledge, decision tools and capacity-building support for planning and executing sustainable projects	27
KRA 7: Collect and develop data to help direct the efforts of the municipal sector and its partners. 28	28
KRA 8: Attract capital and investments to the municipal sustainability sector (lever investments) and help municipalities access funds and identify new revenue streams	29
KRA 9: Ensure GMF's sustainability and maximize its influence	30
KRA 10: Inspire municipalities and their partners by defining, recognizing and communicating the successes, lessons learned and triple bottom line benefits of sustainable solutions	31
KRA 11: Maintain excellence in governance, due diligence, project funding and oversight while balancing risks with returns	32
Appendix A: Risk Profile & Target Risk Allocations	33
Appendix B: Compliance Indicators 2019–2020	36
Appendix C: GMF Budget 2019–2020	40
Appendix D: GMF Logic Model	41

Introduction

The Green Municipal Fund

In Budget 2016, the Government of Canada provided the Green Municipal Fund™ (GMF) with a \$125 million top-up to the existing GMF, bringing the total endowment to \$625 million. The GMF is a long-term, sustainable source of funding and support services for municipal governments, and their partners, innovating to improve air, water and soil quality, and protect the climate.

Since its inception, GMF has made significant contributions to advancing sustainability in the Canadian municipal sector. The GMF is FCM's largest national program and funds excellence in municipal sustainability solutions. In addition to direct funding support, GMF also helps municipalities share expertise and lessons learned, enabling other communities to replicate these successful initiatives. GMF provides municipalities with grants and low cost financing, complemented by valuable knowledge resources (e.g. case studies, training and networking opportunities).

The Green Municipal Fund's new *Five-Year Plan 2018–2023* (link: [Five Year Plan 2018-2023](#)) was approved by the GMF Council and the FCM Board in March 2018. The *Five-Year Plan 2018-2023* identifies eleven Work Packages which are the GMF's revised Key Result Areas (KRAs). These are outlined in the revised GMF Logic Model (Figure 1). The associated five-year objectives for each of these KRAs are outlined in the plan. In the 2019-2020 fiscal year, the GMF will be embarking on its second year of delivery under this new plan.

Purpose of this document

The *Annual Statement of Plans and Objectives 2019 –2020* (ASPO) defines FCM's priority deliverables and targets for the GMF's administration for the coming fiscal year. It doubles as a planning and monitoring tool for the GMF Council and the FCM's Board of Directors, including a review of the GMF's progress in the previous fiscal year. The ASPO content aligns with the GMF *Five-Year Plan 2018–2023*, highlighting the expected deliverables for 2018–2019, and how they align to the five-year objectives set out for each of the eleven KRAs outlined in the GMF Logic Model (Figure 1). The appendices contain the risk profile and target risk allocations, compliance indicators, budget, and full GMF Logic Model (Figure A-1).

The GMF third-party Five-Year Performance Audit and Review 2014 recommended that GMF develop management dashboards to better track program performance and support the GMF Council with oversight activities relating to priorities outlined in the ASPO. To address this recommendation, and maximize the value of the ASPO, the format of the document has been revised to provide a streamlined approach to outlining and tracking the GMF's delivery of ASPO priorities. This new approach moves away from providing a detailed narrative of all internal operational and strategic initiatives, and their expected outcomes, to a diagrammatic dashboard for each Work Package, tracking the most significant operational and new strategic initiatives.

Accompanying this dashboard view is a brief narrative of how new deliverables build on progress from the previous year for each Work Package. This narrative details how the proposed new initiatives advance the objectives of the *Five-Year Plan 2018-2023* and associated expected short-term results.

Overall, this new approach reduces the size of the ASPO by 20-30 pages and makes regular updates on progress much more efficient and meaningful.

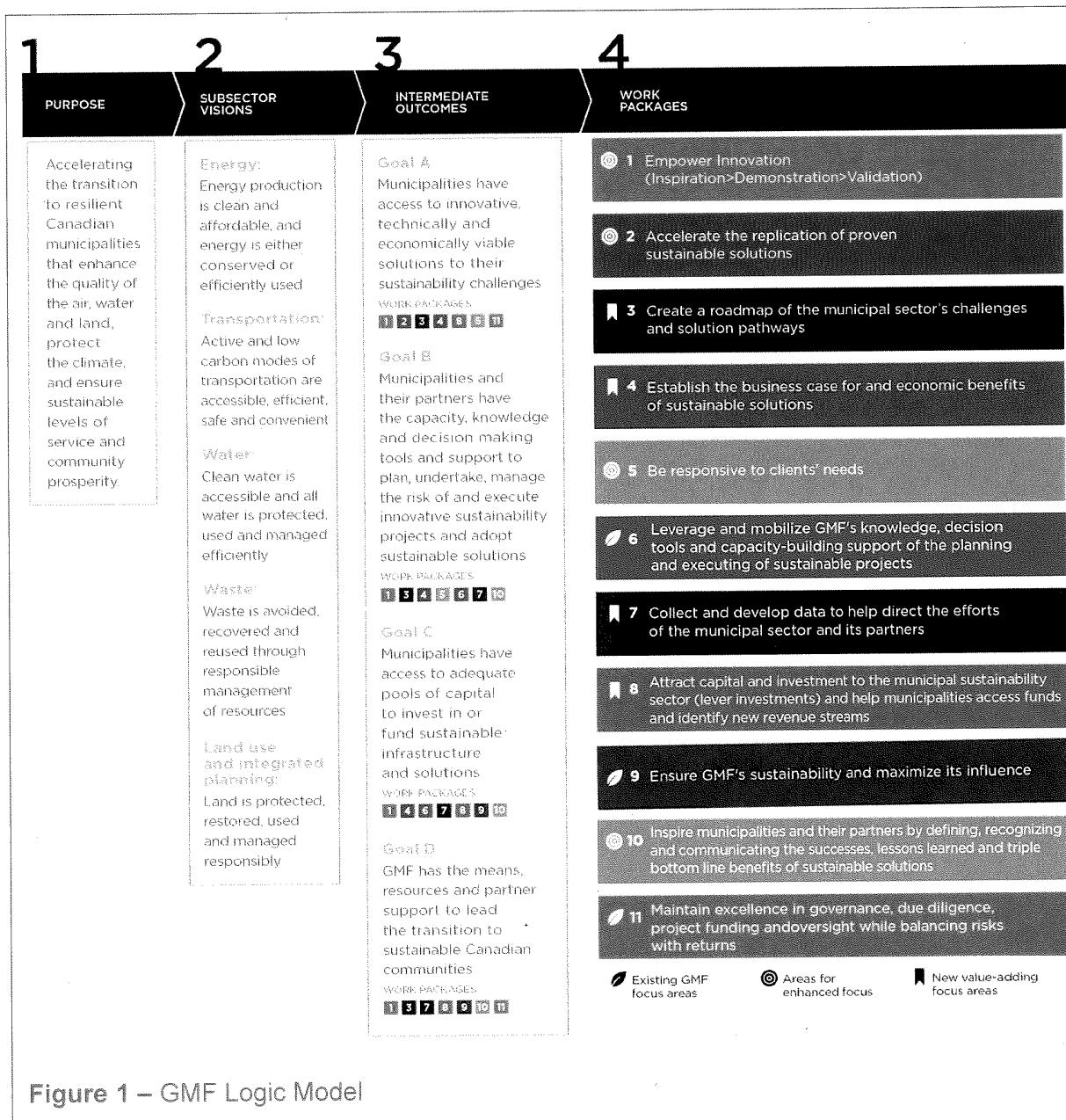


Figure 1 – GMF Logic Model

Year in Review

In year one of GMF's new *Five-Year Plan 2018-2023*, GMF was particularly focused on deliverables within KRAs 1, 3, 4, 5, 6, 9 and 11. Consequently, the five-year objectives that have progressed the most are those relating to these Work Packages. In year one the emphasis has particularly been on sector road-mapping efforts in the energy sector, as a key starting point to informing GMF new program approaches. It also included several improvements to the funding offer approach making it more enabling to clients, more innovation and replication focused, and improving the evaluation framework used to ensure maximum results from projects approved for funding. These improvements include developing an advanced-based payments approach as an alternative to the historic, less catalytic approach of reimbursable payments. Year one also included piloting several capacity building approaches and knowledge tools in the energy sector that could be applied to other sector opportunities. Finally, implementation of GMF's new investment policy in an effort to address historic fund sustainability challenges was also carried out in year one.

Overall, the most consequential deliverables set out in the ASPO 2018-2019, across all KRAs, have materially progressed according to plan. Some less foundational deliverables have been delayed into year two due to; short-term internal staffing constraints (delays in hiring or changing roles resulting from GMF or FCM restructuring), a downgrade in short-term level of priority, or the need to sequence these deliverables to follow other more foundational deliverables. These delayed deliverables were generally limited to lower priority and less consequential items for the short and medium-term advancement of GMF's *Five-Year Plan 2018-2023*.

The most notable strategic item that has been deferred to year two is the advancement of the Solution Explorer related to KRA 6, Objective 'b', GMF's new proposed online knowledge mobilization platform. This is due to two factors; short-term internal staffing constraints created by GMF restructuring, and a need to leverage the results of the Energy Road-map (which will be completed by Q2 of year two) in the design of the Solutions Explorer. The Solutions Explorer is now considered one of the top priorities for advancement in ASPO 2019-2020.

The GMF funding demand for energy, transportation, water and waste (ETWW) capital projects has significantly increased compared to historical averages and year over year. There remains, however, a small gap between the target annual capital project loan amount of \$54M and the actual expected approval amount by year end, which is estimated to be \$49M. This amount does not include two Stream II (non-municipal) projects that passed through peer review but were still undergoing a financial risk assessment as a precondition to approval by Council. These two projects, which include one brownfield project, are valued at roughly \$11M. Although the apparent present demand for the fund appears reasonably healthy, it occurred during a period in which the GMF saw a high level of funding withdrawals (greater than \$30M) for a second consecutive year for capital projects approved in previous fiscal years. These loan withdrawals can be attributed to three primary factors:

1. closure of several stranded and dated projects approved more than three years ago,
2. challenges competing with other very low interest rate financing options that have been present in the market in recent years, and
3. changes in political leadership within approved project municipalities that have led to de-prioritization and cancellation of council support for projects.

The high rate of cancellation of older projects is the result of a one-time portfolio clean-up exercise and is not expected to occur at the same rate in the near term. Competition with other low-interest rate financing options is expected to remain a factor in the medium-term though it is expected that recent market rate hikes by the Bank of Canada and a series of client-centric process improvements being implemented by the GMF will help mitigate the future withdrawal impacts of this factor. There will always be political volatility in municipalities, so this factor is expected to continue to affect withdrawals going forward. The GMF will continue to carefully monitor withdrawals in the coming year and will aim to build a healthier application funnel of applications to position the fund to optimally deploy its loans to meet targets on an annual basis.

As published in the ASPO 2018-2019, the grant funding envelope for plan, study and pilot project (PSP) applications was \$6M. It is estimated that the GMF will approve between \$4.5-\$5M for over 50 plan, study, and pilot initiatives by the end of 2018-2019. It is estimated that up to 10% of withdrawals from previously approved plans, studies, and pilot projects, will have been accrued by the end of year one. This is consistent with withdrawal rates from previous years for this category of funded initiatives. The following pages summarize the progress on specific deliverables from ASPO 2018-2019 for each KRA.

KRA 1: Empower Innovation (inspiration > demonstration > validation)

Overall, the most foundational strategic deliverables in this KRA have progressed according to the intended schedule. The first phase of the offer renewal to enable transformative and cross-cutting technical, financial, and capacity-building innovations will be launched as a two-year Signature Offer Pilot by the end of this fiscal year. The needs and opportunity assessment to enable greater innovation in the energy sub-sector is on track through the Energy Sector Roadmap. The piloting of new peer-to-peer approaches has been initiated through an innovative online convening approach called the GMF Leaders Exchange Forum. Here, successful past-GMF initiative proponents, external experts, and new potential project applicants exchange knowledge and lessons learned to help shape projects for success. An initial series of three Leaders Exchange Forums on high-efficiency fire halls, lagoon-based and centralized mechanical system-based wastewater treatment facilities, were conducted in the last two quarters of 2018-2019. There was a strong interest, with good attendance, and a high degree of positive feedback from attendees. Research on national incubators that can support the municipal sector in testing and debugging new innovations, and the global scan of other innovation instruments with similar mandates to the GMF, have both been deferred to the ASPO 2019-2020 due to short-term internal resource constraints.

KRA 2: Accelerate the replication of proven sustainable solutions

Most of the deliverables in this KRA have progressed according to schedule. The review of the GMF funding process to simplify applications for replication of high impact solutions has been deferred to year two due to the need to align these efforts with the outcomes of the Energy Sector Roadmap. The

GMF's evaluation criteria has been adjusted to optimize the offer to better promote projects with high replication potential. This is being tested and refined through a new Signature Offer Pilot launched in Q4 year one. Peer reviewers and prospective clients were, and continue to be, heavily consulted in the process of refining this new evaluation criteria. Further replication opportunities and client need profiles are being developed through the Energy Sector Roadmap. The production and mobilization of replication case studies has started with production of a new knowledge product series, tentatively titled the "GMF Insights Series", which will distill key lessons and mobilize mini-profiles of successful models uncovered through the Leaders Exchange Forum pilot. These GMF Insights will likely cover high-efficiency fire halls, and lagoon and mechanical-based wastewater treatment systems.

KRA 3: Create a roadmap of the municipal sector's challenges and solution pathways

Deliverables in this KRA have all progressed significantly. Dunsky Engineering has been contracted to lead the Energy Sector Roadmap, GMF's first road-mapping exercise. Dunsky has extensive experience in energy modeling, developing adoption and financing strategies, and working with municipalities in Canada and the US in the energy sector. The final Energy Sector Roadmap products are expected by July 2019. Two deliverables within the road-mapping KRA are slightly delayed due to the need to materially complete the Energy Sector Roadmap first. These two deliverables are, the post-mortem evaluation of the road-mapping approach, and the use of the key findings of the roadmap to inform GMF's renewal of the funding offer in the energy space. These will occur during the first few quarters of the 2019-2020 fiscal year.

KRA 4: Establish the business case for and economic benefits of sustainable solutions

Progress has been made on the foundational assessment pieces within this KRA. The GMF engaged the Bloom Center for Municipal Education to provide an in-depth overview of municipal finances and the decision parameters used by municipalities when assessing the financial (business case) merits of a proposed initiative. This work has allowed GMF to assess the transferability of financial decision tools used by other sectors, to the municipal sector. The overall conclusion is that significant capacity-building work will be required to bridge the gap between how municipalities assess the investment merits of a project compared to how this is done in the private sector. The articulations of pilot learning opportunities, to respond to this gap, are delayed. This assessment will be conducted in year two. Similarly, the development of sample business cases for GMF projects has also been delayed due to the need to better understand the approaches used by municipalities before advancing this deliverable too far. A business case specialist will be hired in early year two, to lead the development of sample business cases during the first few quarters of the year two fiscal year.

KRA 5: Be responsive to clients' needs

All deliverables have progressed according to schedule in this KRA with only one, less strategic, deliverable delayed. Extensive stakeholder consultations and internal assessment work has led to the identification of several promising opportunities for improving the client experience with the GMF. The most notable of these opportunities, the change to an advanced-based payment model, is on track for implementation, on a pilot-basis, by the end of this fiscal year. The GMF has also successfully implemented a staff approval process for smaller funding amounts for plans and study applications in year one. This has led to a more than 40% reduction in approval time for such initiatives. The only item that has been delayed, is the assessment of the most common knowledge and skills gap in the sector, and how the GMF might address this through the funding services approach. This will be assessed in the 2019-2020 fiscal year.

KRA 6: Leverage and mobilize GMF's knowledge, decision tools and capacity-building support for planning and executing sustainable projects

Five of the seven deliverables in this KRA have progressed in 2018-2019. Extensive stakeholder engagement and research have been conducted on the capacity and knowledge needs within the energy sub-sector. This has led to the development of several capacity building initiatives including the GMF Leaders Exchange Forum and the development of a learning program on energy modeling. This work has been greatly informed by collaborative discussions with NRCan, enabled by the GMF's NRCan Council members. Work on assessing the capacity building landscape for new and impactful approaches to learning and knowledge mobilization, was initiated in Q4. External expertise was engaged to assist in the development of a learning strategy for the GMF with a focus on delivering a scan of best practices for online learning and direct capacity building and learning activity approaches. There are significant delays to the development of the Solution Explorer architecture, as stated above, but this will be addressed by bringing in a dedicated resource by end of Q4. Finally, the assessment of the municipal sustainability conference landscape, and elaboration of future opportunities for GMF events, has been deferred to next year due to the need to align with the FCM's overall events strategy.

KRA 7: Collect and develop data to help direct the efforts of the municipal sector and its partners

Half of the deliverables under this KRA have progressed according to schedule. The energy sector data gathering efforts will be completed during the first phases of the Energy Sector Roadmap being completed by Dunsky. This data will build off of the sector data that was compiled by the Delphi Group as part of the GMF strategic planning efforts in 2017-2018. The GMF has also completed a preliminary assessment of the transportation sector to identify trends and opportunities. Further, the GMF has initiated scans in other sectors (water, waste, and land-use). These scans are intended, in part, to highlight key environmental impacts and market opportunity potential in each of these sectors. Some engagement with external partners, NRCan and ECCC, has started to explore data collaboration opportunities, but these are still at an early stage. Further work on data collaboration and data mobilization are delayed and will likely become more active in the first two quarters of the 2019-2020 fiscal year.

KRA 8: Attract capital and investments to the municipal sustainability sector (lever investments) and help municipalities access funds and identify new revenue streams

The three most foundational deliverables for this KRA have advanced according to schedule. Extensive stakeholder engagement has been completed with various private, public, and foundation funders/investors, including presentations and convening of discussions with investors at the Future Cities Summit and Globe Capital. A high-level set of investment criteria for these investors has been compiled. Further, a study on the relevant sources of funding from the federal government and four provinces has been completed and shared with Council (Q2). Work on identifying and aggregating GMF project opportunities that align with investor needs has been deferred due to the need to understand investment criteria first. The GMF will be piloting new ways of increasing visibility to aggregation opportunities through increasing the GMF application funnel over the next two fiscal years. Finally, work on researching global models for mobilizing investment into municipal projects is slightly delayed. Terms of reference for this work have been completed and the RFP has been released to three vendors for proposal. This research is expected to be completed by Q2 2019-2020.

KRA 9: Ensure the GMF's sustainability and maximize its influence

The majority of the deliverables within this KRA have been completed. The Fund Manager has been approved and contracted and the GMF's investments are gradually being re-invested according to the new approved investment framework. Further, the GMF's cash flow model has been updated to reflect the parameters of the new funding agreement, recent activity of the Fund, and the changes in the market. All project approvals to date are compliant with pre-approved guidelines and a more flexible approach to applying grants, to projects where the greatest amount of causality in achieving program objectives, has been reviewed and directionally approved by Council. Some engagement with other endowment managers has been initiated, but this will be increased over the 2019-2020 fiscal year.

KRA 10: Inspire municipalities and their partners by defining, recognizing and communicating the successes, lessons learned and triple bottom line benefits of sustainable solutions

Most deliverables within this KRA have been completed. Good progress has been made expanding the Local Economic Development model for articulating GMF projects economic benefits, which can now be renewed on an annual basis. Development of the evaluation criteria, to more clearly define success and impact factors for environmental and economic impacts, innovation and replication, has been materially completed in 2018-2019, and will be refined through piloting of GMF's new funding offers in 2019-2020. The design of templates for GMF success stories and the digital recognition toolkit have also progressed according to schedule with some preliminary samples created for the 2017-2018 GMF Annual Report. The digital recognition toolkit for the 2018 SC Award winner has been completed and mobilized through the FCM's channels with very good feedback from clients. Some refinements will be made to the new SC Awards program and the process for nominations will be launched in 2020-2021 as part of the next Sustainable Communities Conference. The development of the process for harvesting and mobilizing lessons learned from GMF initiatives is ongoing and will continue to be refined over the next fiscal year through initiatives such as the GMF Insights Series and planning and piloting work for the Help Desk in 2019-2020.

KRA 11: Maintain excellence in governance, due diligence, project funding and oversight while balancing risks with returns

All deliverables within this KRA were advanced on schedule with only the detailed internal management dashboard development delayed slightly. The design and implementation of the internal dashboards now targeted to be completed by Q2 of the 2019-2020 fiscal year. Development of the Performance Measurement Framework, results analysis and reporting, and the preparation for the GMF's next third-party Five-Year Review and Performance Audit were all completed in 2018-2019.

Conclusions

On the basis of an overall balanced assessment of the progress on the ASPO 2018-2019 deliverables, GMF Council feel that reasonable progress has been made in the implementation of the Five-Year Plan 2018-2023 in year one and that there is room to catch up on the majority of the delayed deliverables in year two. Withdrawals will be closely monitored going forward, to assess the impacts of changing market conditions and improvements to the GMF's offer and processes.

Context for ASPO 2019-2020

The following section outlines the GMF's proposed deliverables for the 2019-2020 fiscal year. Overall, all deliverables are consistent with the vision, targeted outcomes, and objectives outlined in the GMF's *Five-Year Plan 2018-2023* and many of the deliverables for next fiscal year will simply be the logical continuation of strategic initiatives launched during the 2018-2019 fiscal year. Examples of continuing initiatives include:

- completion, dissemination, and evaluation of the first road-mapping exercise on the energy sector,
- full implementation and monitoring of the Advanced-based Payment process, and development of other client-centric process improvements identified in 2018-2019 to continue to raise the attractiveness of the GMF funding and mitigate recent elevated project withdrawal trends,
- implementation and monitoring of the new Signature Offer,
- completion of the data systems required to populate the GMF's new Performance Measurement Framework,
- growth of GMF's revenues through the new investment framework and loan targets,
- development and design of the Solution Explorer, which was delayed from the 2018-2019 fiscal year to 2019-2020, due to resource constraints, and
- exploration of investment levering models and partners in an effort to start increasing the level of financial leverage new investors into municipal sustainability projects and increase the GMF's programming results in this area of its mandate.

The ultimate objective of many of these initiatives is to develop a complete set of support solutions for municipalities and municipal partners advancing sustainability projects and initiatives. This was articulated through the *Five-Year Plan 2018-2023* and associated Work Packages (KRAs). The intended system structure of these support solutions is illustrated below (Figure 2). In this system, the GMF will create sector intelligence by capturing and synthesizing useful impact results, sector data and lessons learned through its regular activities, and conducting regular monitoring of the changing market conditions. This sector intelligence will then be used to inform the starting point for a deeper strategic analysis through the road-mapping process (ref Work Package/KRA 3) to uncover the most promising ways for the GMF to support the municipal sector to achieve maximum impact from its finite resources. These roadmaps will then inform the design of the direct support tools GMF will provide to clients to help them advance innovative environmental initiatives. Once completed, this direct support toolset will include:

- the GMF funding offer,
- decisional support data and tools, such as business cases, success stories, guidebooks, etc.,
- high impact capacity building programming, such as targeted workshops, webinars, in person events, learning cohorts, and peer networks, and
- investment levering and partnering opportunities.

A complete support tool-set will be key to enabling the GMF's target clients to build better projects, more efficiently, and with better results. This will also enable the realization of the *Five-Year Plan 2018-2023* objective of creating a "Help Desk" like function within the GMF particularly to support the needs of small to medium-size municipalities advancing sustainability initiatives. These tools and valuable knowledge and insights will be mobilized far beyond a Help Desk function within the GMF through the development of a modern, accessible and well-curated online knowledge platform, the Solution Explorer, to give more scale to the GMF's capacity building efforts. This should in turn enable a rate increase in the market impacts achieved by the fund.

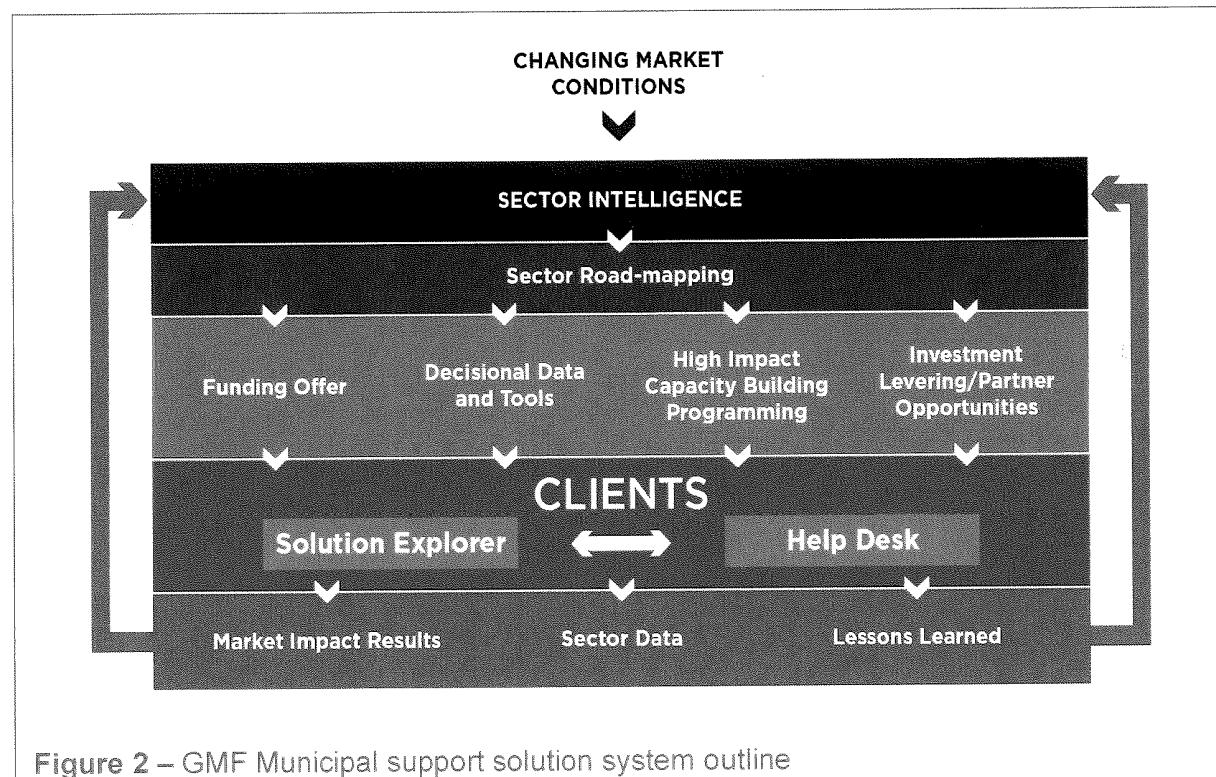


Figure 2 – GMF Municipal support solution system outline

Next Key Focus Areas from the Five-Year Plan 2018-2023 for fiscal year 2019-2020

Completing a pilot of the GMF Support System Framework in the Energy Sector

As outlined above, the year one emphasis has been on road-mapping efforts in the energy sector as a key starting point to informing the design of the support tool-set outlined in Figure 2. Year one also included improvements to the GMF funding offer approach and piloting several capacity building approaches and knowledge tools in the energy sector that could be applied to other sector opportunities. In year two of the *Five-Year Plan 2018-2023*, the GMF will continue to advance the development of the funding offer, decisional data and tools, and high impact capacity building programming within the energy sector. In order to complete the piloting of all elements of the support tool-set, the GMF will also put a particularly concerted effort into advancing the Solution Explorer pilot within the energy sector, particularly in the area of arenas and recreational facilities, and developing partnerships that enable more investment and in-kind contributions from partners to support municipalities in sustainable initiatives in the energy sector.

In year two, GMF will begin the next phase on building out the system (Figure 2) by creating a plan for implementing the Help Desk function within the GMF and conducting some initial pilot Help Desk activities to support smaller municipalities by the end of the fiscal year. These Help Desk pilot activities will likely be focused on the energy sector, but may also leverage the deep historical work that the GMF has conducted in the land-use (brownfields) sector, as appropriate.

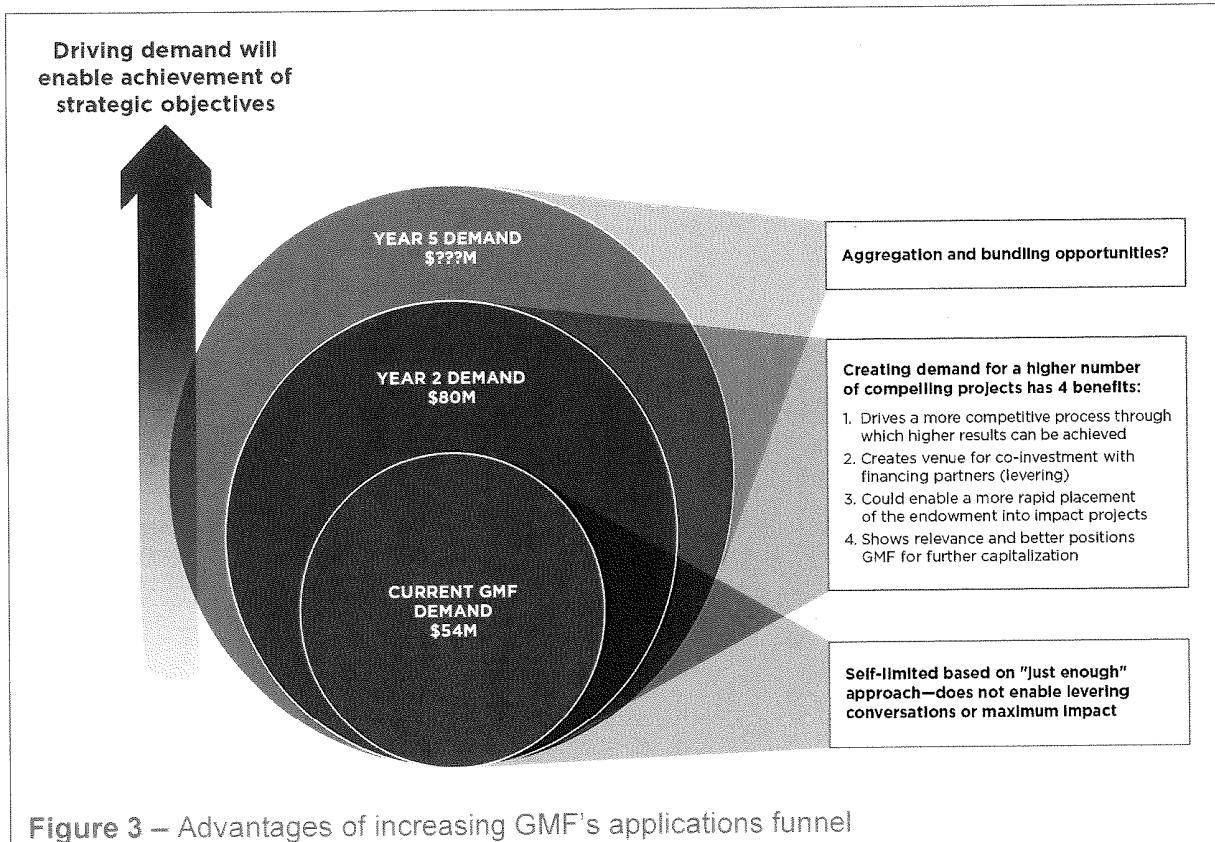
These proposed year two activities should enable a complete trial run and testing of the support system framework (Figure 2) envisaged in the *Five-Year Plan 2018-2023*. As this trial run for the energy sector nears completion towards the end of year two, the GMF team will look to take the same systematic approach to the next GMF sector of interest, expected to be the land-use or transportation sector.

Creating more visibility to investment opportunities through increasing demand for GMF Funding

In addition to efforts on the development of the GMF support system, and the continuation of key initiatives from last year described above, a significant proposed strategic deliverable for 2019-2020 will be to start to more aggressively establish the relevance of, and opportunities for, the GMF. It is proposed that this can be achieved by creating a larger funnel of fundable opportunities where investment leveraging can start to occur directly through GMF funded projects. This investment levering could either occur through co-funding, or beyond GMF funded initiatives through relationships and hand-off of opportunities to other funders with similar mandates. This will be achieved by taking a first incremental step in proactively driving more demand for the Fund.

The objective in driving more demand is to maintain a high level of project quality, deemed to be eligible and fundable, while creating a truly competitive process whereby only the most impactful projects are funded by the GMF and potential GMF funding partners. A primary benefit of this approach will be that any compelling projects that cannot be funded by the GMF within existing annual funding limits would present a clearly defined set of opportunities for immediate leverage or co-funding with partners. In summary, the objective is to grow the funnel of compelling fundable projects (Figure 3) in order to:

- best position the GMF to maximize its annual funding while increasing the options for achieving maximum project results by driving competition,
- create a funnel of opportunities that could serve as the basis for engaging other ecosystem investor/partners in leveraging or co-funding discussions, with the hope of actually transacting with a few, once compelling funding opportunities beyond the GMF's means have been clearly identified,
- potentially providing a means for the GMF to catch up on historical withdrawals and enable the GMF endowment to be placed in mandate-related projects and investments sooner than is currently achievable with historical demand levels and self-imposed eligibility constraints, and
- enable any needed positioning for further capitalization of the GMF down the road.



The GMF has not had to turn away many projects in its recent history, and withdrawals have been somewhat elevated as a result of challenging, low interest rate market conditions, and the perceived administrative burden on applicants of the GMF application and reporting requirements. It is expected that the funnel of compelling project opportunities for the GMF should grow due to the expansion in eligible project categories and eligibility criteria (to a broader range of high impact innovative projects through the new Signature Offer) and making significant improvements to the client experience with the GMF funding offer and processes (e.g. moving towards an advance based payments model for many GMF projects). The GMF will also be able to create demand by increasing individual project funding limits compared to the current project loan limit of \$5M, which has been in effect for several years. Growth will also be fueled by the deployment of the support tool-set system outlined above. Such a growth in demand would clearly demonstrate an increased perceived value and relevance of the GMF compared to historical approaches to all stakeholders.

Increasing the funnel of opportunities coming to the GMF is also considered to be essential to opening up opportunities that are not available in the absence of a demand that exceeds the GMF means. In particular, maintaining historic approaches, in the current market conditions, and constraining demand, to just enough for the program to fund in any given year, will not enable broader investment leveraging opportunities; as it provides an incomplete picture of the true demand from compelling projects in Canada. With a better picture of the true demand, the GMF will be better positioned to fulfill the first

part of its purpose in the Funding Agreement of levering investments into municipal sustainability projects. It should be noted that this was a key area of improvement raised by the OAG in its 2016 evaluation of the Fund.

As a first manageable step in driving and validating this demand and raising the bar on expected performance of projects, the GMF will increase the applications target to a range of 10-20% beyond historical funding limit targets; to greater than \$80M in capital projects loan applications compared to the next year's upset target of \$66M in funded applications. The target for grants funding applications will be in excess of \$18M in applications (including plans, studies, pilot, and capital projects). Quality will not be compromised as a means of bringing in more applications. However, per-project funding limits and eligibility and evaluation criteria will be adjusted to ensure a balance is achieved between maintaining the quality of projects, favoring the most innovative and impactful projects, and maintain regional and urban/rural balance.

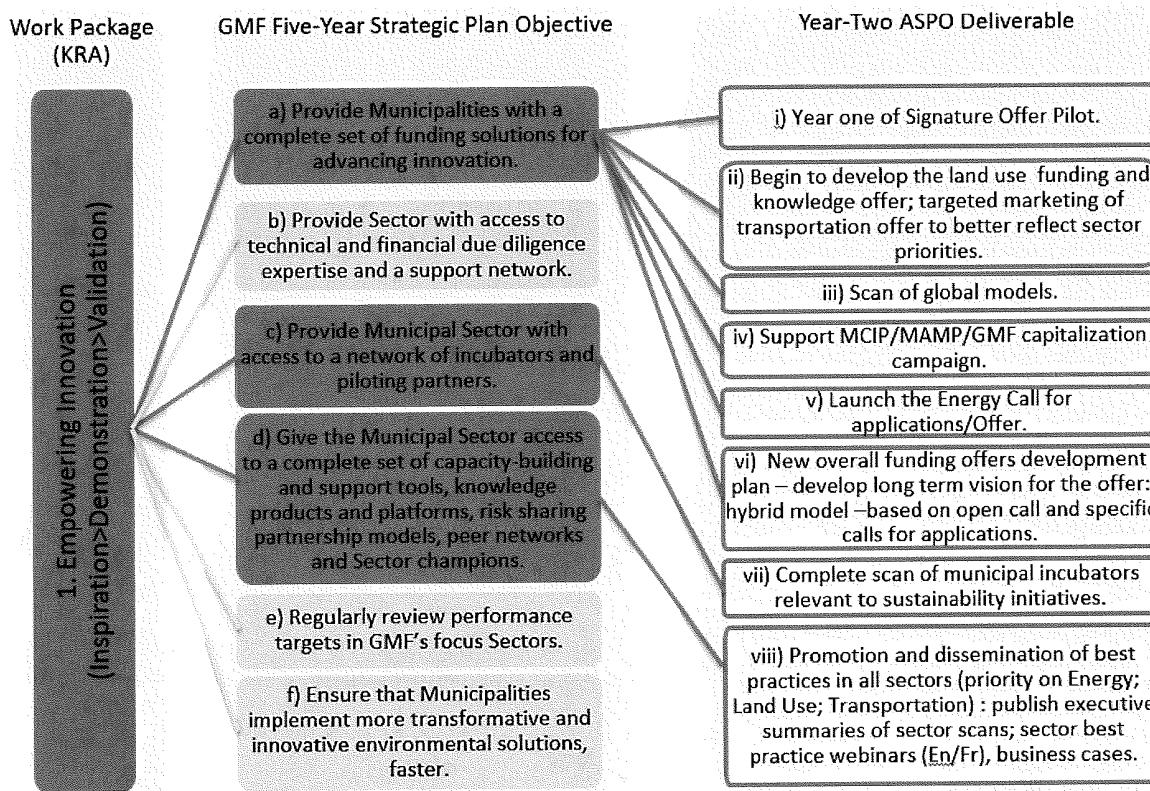
Expected Outcomes and Deliverables: 2019–2020

The overall target outcomes for the GMF over the next five years are illustrated in column three of the GMF Logic Model illustrated in Figure 1. The achievement of these outcomes over the long-term will be supported by achieving the more detailed intermediate five-year objectives, illustrated in each of the Key KRA flow diagrams presented in the following pages. Short-term deliverables for the coming year are also illustrated in these KRA diagrams. Five-year objectives that are highlighted in colour indicate the deliverables associated with these objectives that will be undertaken in the fiscal year. Five-year objectives that are in gray will not have any active associated deliverables in this fiscal year, either because key deliverables associated with these objectives were already delivered in the previous fiscal year, or because activities associated with these five-year objectives are dependent on deliverables being advanced for other five-year objectives and need to be staged and sequenced accordingly. Such gray-coloured objectives are intended to have associated deliverables in future fiscal years.

KRA 1: Empower Innovation (*inspiration > demonstration > validation*)

The continued advancement of refreshed and improved funding approaches for supporting innovation across the GMF's five focus sectors, will be a key area of focus for year two. A key pillar of this approach will be the full implementation of the new Signature Offer to support technical, financial, and capacity building innovation. Further, a targeted Energy Sector Offer will be developed and launched based on the high-impact opportunities identified through the GMF's Energy Sector Roadmap (ref. KRA 3).

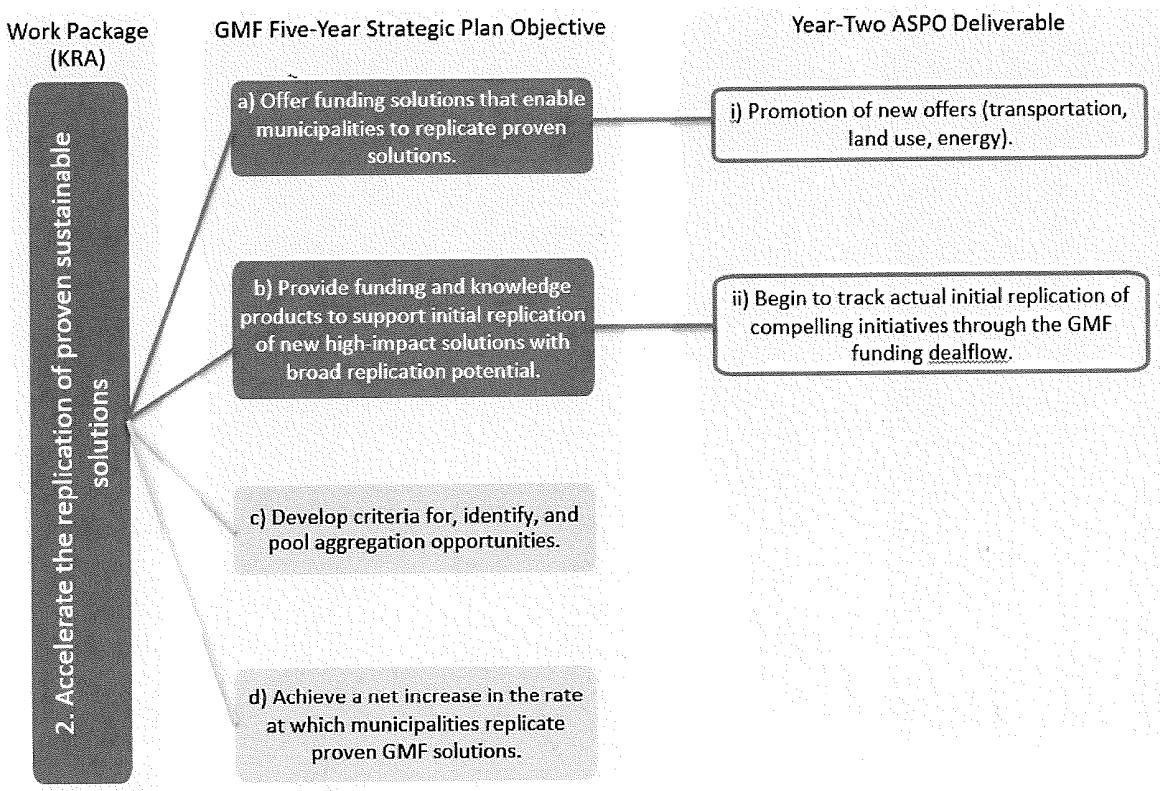
Planning will also be initiated for the next two sectors that the GMF is proposing for renewed funding offer (land-use and transportation). This will be done in parallel to a broad review of the GMF's general funding model approach, which may evolve into a hybrid model that combines a broad open innovation funding offer with a more targeted series of funding calls, aimed at incenting the advancement of specific types of high-impact sustainable solutions. In the spirit of spurring more focus on emerging opportunities, the GMF will look to publish summary results of the sub-sector scans conducted in year one, in an effort to help municipalities and their partners converge on promising initiatives more quickly. Finally, the GMF will support the broader capitalization of the GMF's and the FCM's complimentary FCM programs to ensure continued access to funding for municipalities for innovative sustainability initiatives.



KRA 2: Accelerate the replication of proven sustainable solutions

This KRA will remain less active than other KRAs in year two of the GMF *Five-Year Plan 2018-2023* due to several dependencies on deliverables being undertaken for other KRAs, such as the Energy Sector Roadmap, improvements and simplifications to the GMF application process and evaluation framework, and several knowledge mobilization initiatives.

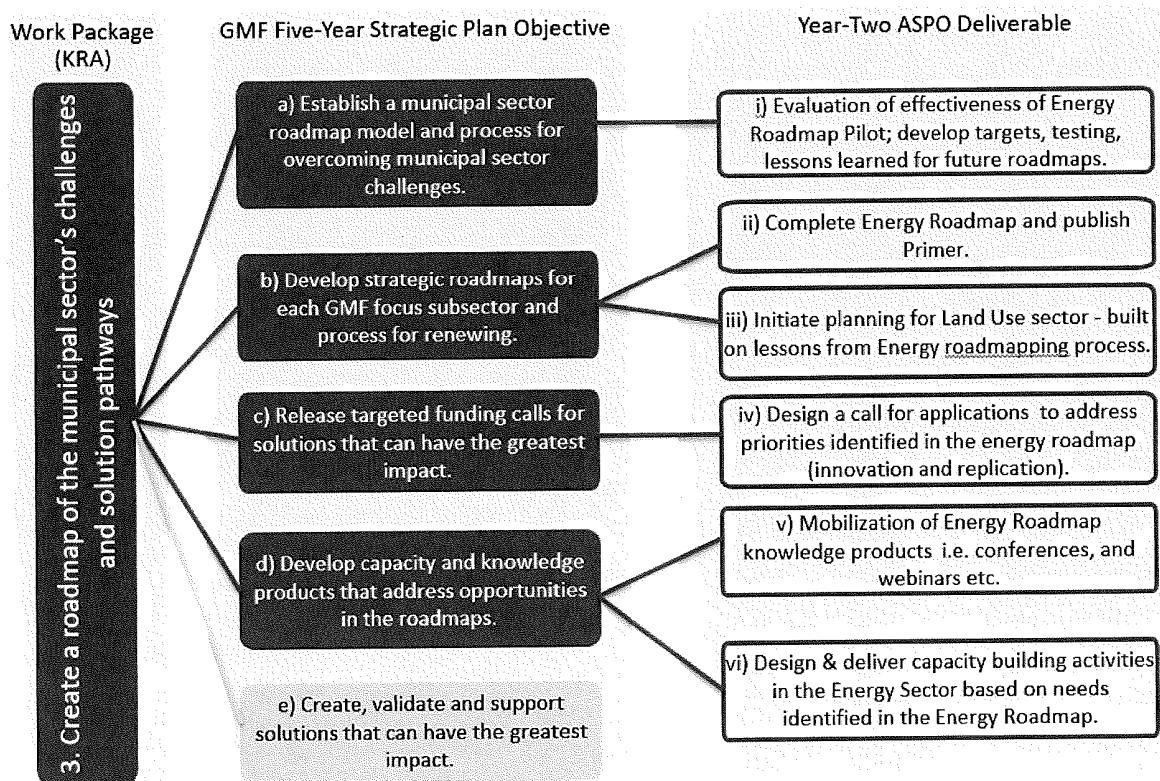
In year two, the GMF will focus on two deliverables for this KRA. The first will be the promotion of new targeted funding offer updates that will be made to the Energy Sector on a priority basis, but may also include targeted short-term changes to the land-use and transportation offers (e.g. incenting more municipal fleet electrification or specific integrated community development approaches). The GMF will also initiate the development of its internal tracking system for measuring the rate of sustainability solution replication that is occurring directly through GMF funded initiatives in year two.



KRA 3: Create a roadmap of the municipal sector's challenges and solution pathways

The primary focus of the deliverables in this KRA will be; the completion, mobilization, and evaluation of the GMF's first pilot roadmap exercise in the energy sector. The Energy Sector Offer (funding call) will be developed based on the recommendations from this roadmap.

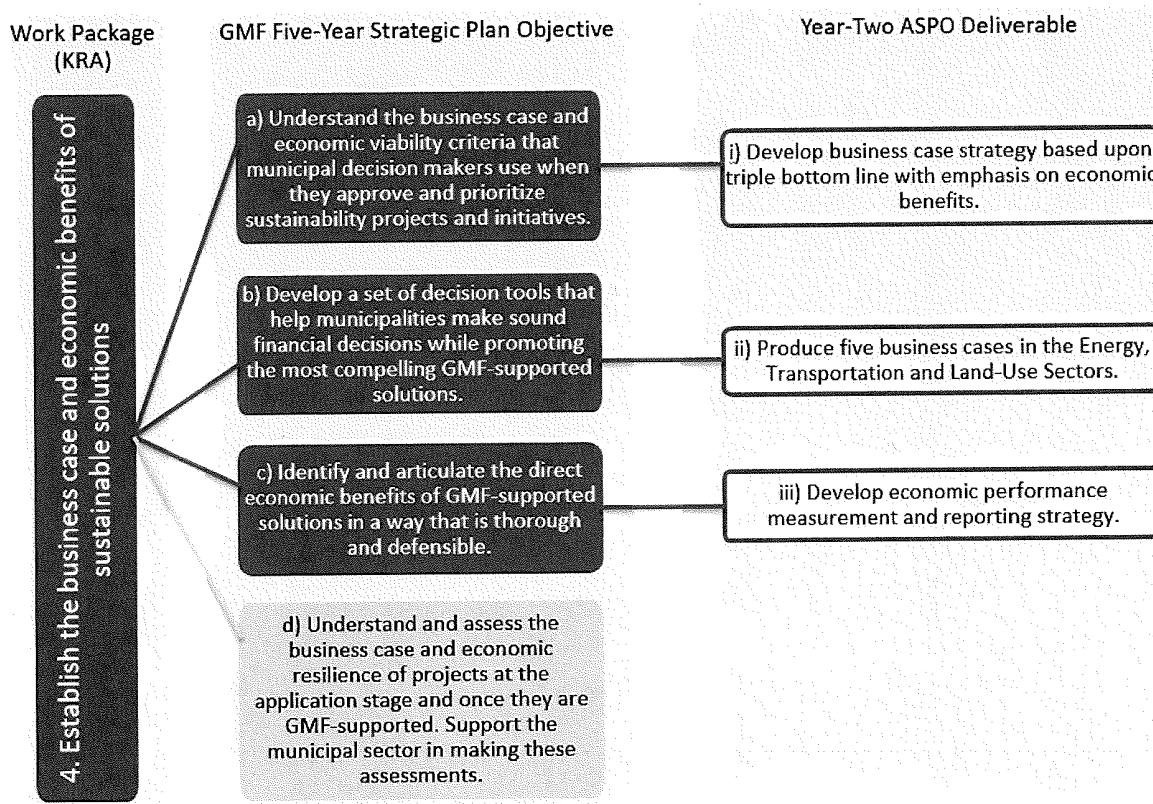
Capacity building initiatives that respond to key, high impact energy sector knowledge and skills gaps identified in the roadmap will also be designed and mobilized in year two. Initial planning for the second GMF Roadmap, likely to be in the land-use sector, will occur, leveraging lessons learned from the Energy Sector Roadmap.



KRA 4: Establish the business case for and economic benefits of sustainable solutions

The GMF will start to build out its programming strategy for KRA 4 in year two, based on research and consultation conducted in year one. This will include; an assessment of the sectors knowledge and capacity gaps, and best approaches to building more municipal capacity in business case-making. To support these efforts, the GMF is creating a Business Case Analyst position for which recruiting is expected to be completed by the beginning of year two. This role will be mandated to create strong financial decision support tools for municipalities for the GMF's most impactful projects to help other municipalities articulate the financial merits of such initiatives and promote their more rapid replication and uptake by the sector.

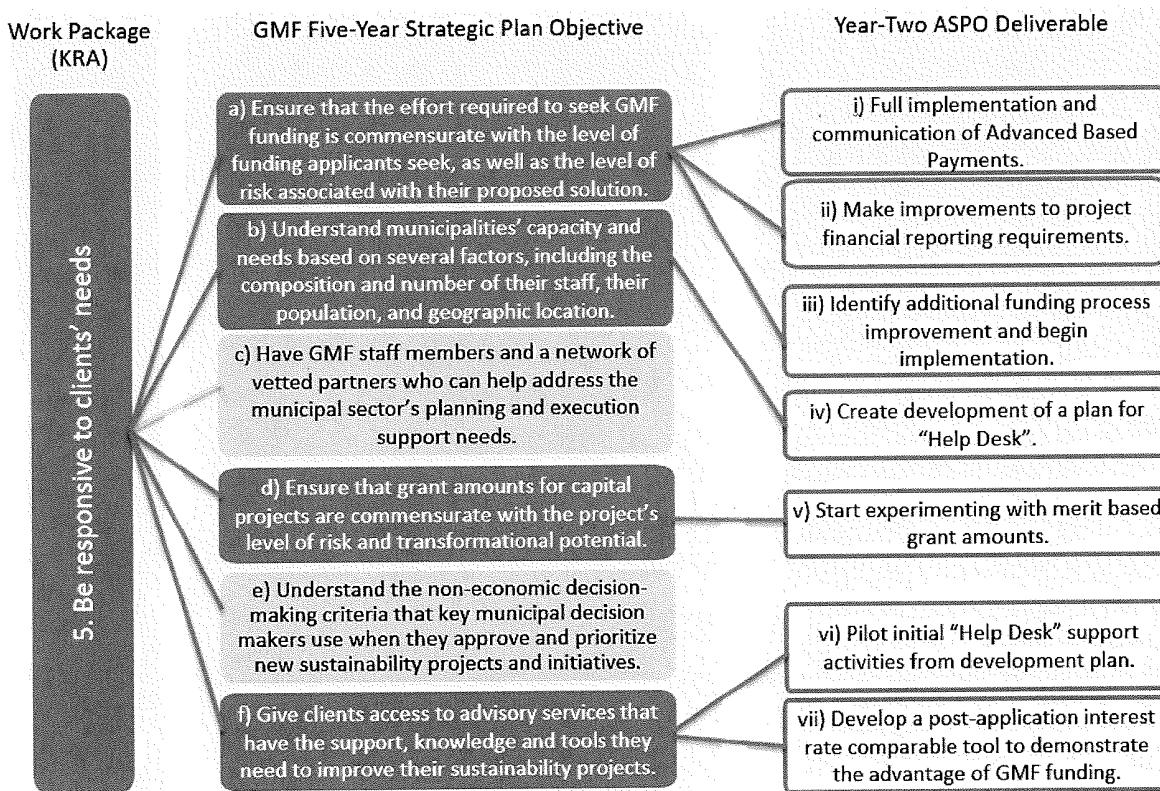
In order to set the GMF up to be able to measure the impacts of the deployment of projects with economic benefits (cost savings, job creation, contributions to local GDP), an economic performance measurement strategy built on current GMF modeling of local economic development benefits will be developed and added to the GMF's overall performance management framework. This will position the fund to better tell its story and show value to its stakeholders.



KRA 5: Be responsive to clients' needs

As part of KRA 5, the GMF will continue to make significant updates and improvements to both its external and internal processes during year two, with the objective of improving the client experience with the Fund while also increasing internal efficiencies to free up the GMF team for more value adding capacity support activities for its clients. As part of these efforts, the GMF intends to move to full implementation of the advanced-based payments approach developed in year one for its low-risk municipally-led projects, in addition to exploring solutions to address the financial reporting burden to municipal applicants. These two improvement initiatives are in direct response to extensive feedback received through stakeholder consultation throughout 2017-2018. Several other internal process improvement opportunities identified in year one will be implemented in year two, such as; testing a new web-based application portal, the development of an interest rate costs savings calculation tool, and the exploration of a continuous intake model for capital projects.

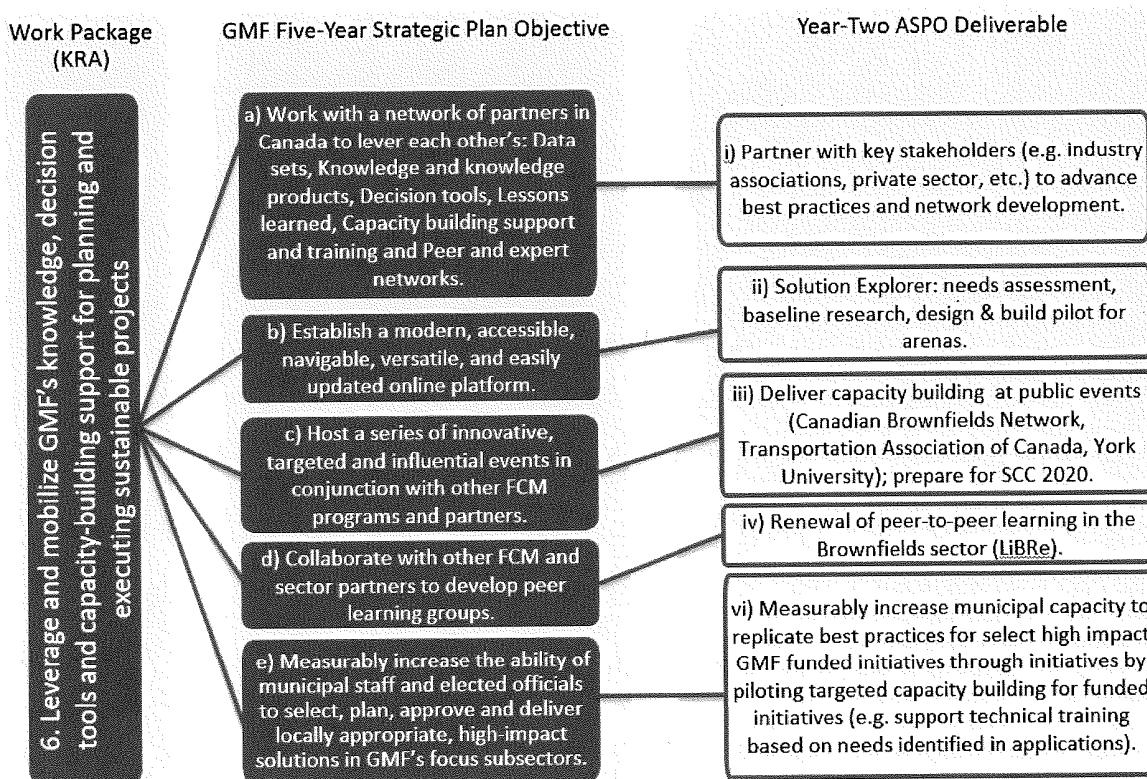
The GMF will also start to develop a plan for the creation of a Help Desk function within its Outreach team, supported by the rest of the organization, and launch some initial pilot Help Desk activities in year two. Finally, the GMF will start to experiment with merit based grant and overall funding amounts to help address the needs of higher risk initiatives with strong potential for contributions to the sector.



KRA 6: Leverage and mobilize GMF's knowledge, decision tools and capacity-building support for planning and executing sustainable projects

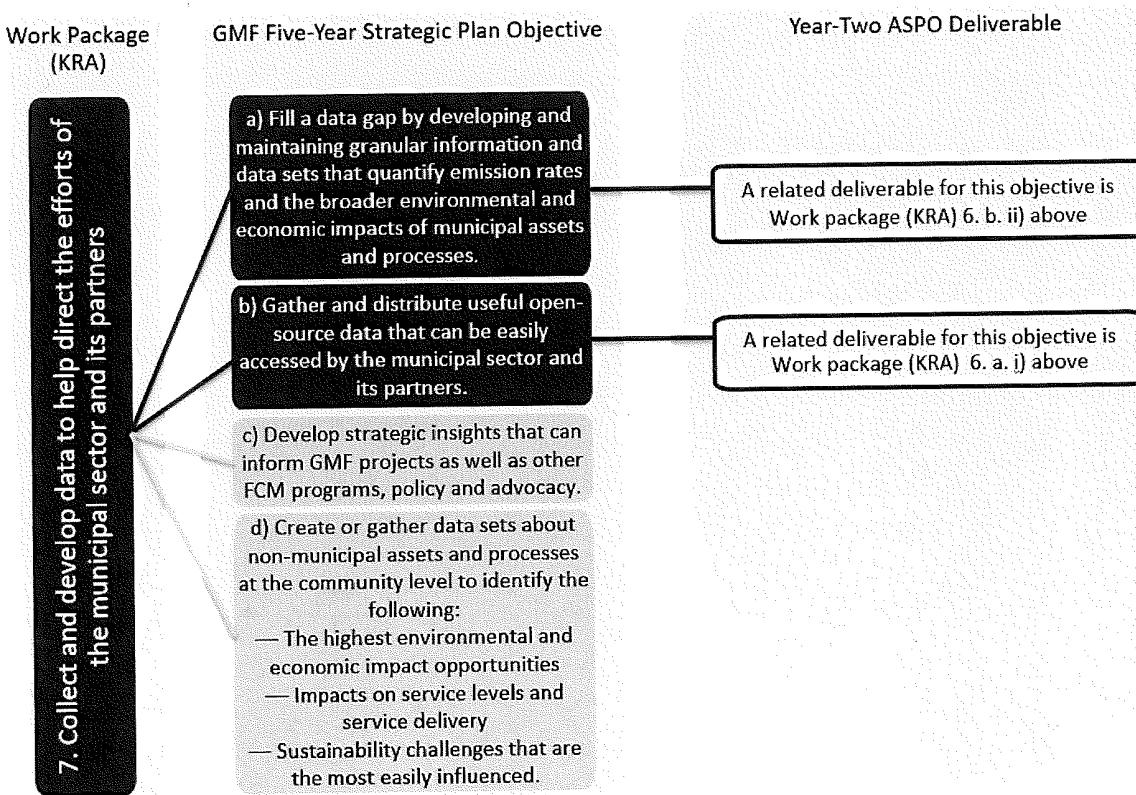
A primary focus in this KRA for year two, will be the completion of the preliminary design and piloting of the Solution Explorer, with a particular focus on arenas and recreational facilities. The GMF will also advance collaboration with influential stakeholders such as, NRCan and the Recycling Council of Ontario, to mobilize knowledge and promote capacity building related to important municipal issues such as a plastic waste management and effective energy modeling for buildings.

The GMF will also continue its peer-to-peer learning initiative to increase capacity for brownfield remediation and deliver capacity building programing in key events hosted by the Canadian Brownfields Network, Transportation Association of Canada, and York University. Another significant deliverable for this KRA in year two will be the initial development of the 2020 Sustainable Communities Conference program.



KRA 7: Collect and develop data to help direct the efforts of the municipal sector and its partners

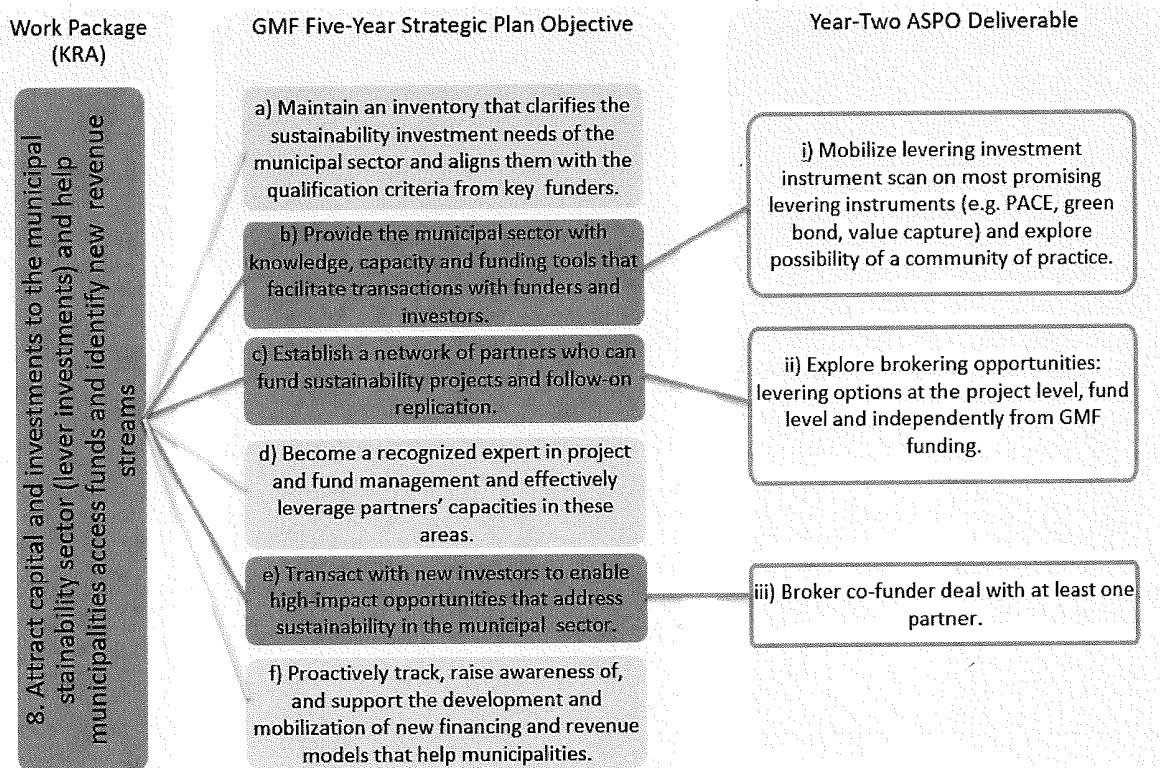
Due to dependencies on deliverables from other KRAs, only two objectives in this KRA will have related deliverables in year two. Data will be mobilized through the eventual launch of the Solution Explorer (ref. KRA 6). It is expected that insightful, decisional performance and market size data for arenas and recreational facilities, will be mobilized through the pilot Solution Explorer deliverables in years two and three. Furthermore, through its collaboration work with key stakeholders, such as NRCan and the Recycling Council of Ontario (RCO) (ref. KRA 6), the GMF will continue to source and gather data related to energy and waste, and mobilize it through related knowledge products.



KRA 8: Attract capital and investments to the municipal sustainability sector (lever investments) and help municipalities access funds and identify new revenue streams

Deliverables for this KRA in year two focus on raising awareness around promising mechanism/instruments for leveraging investments and exploring the creation of a community of practice that can begin to experiment with, and learn from, new approaches to raising revenue and capital to undertake sustainability projects.

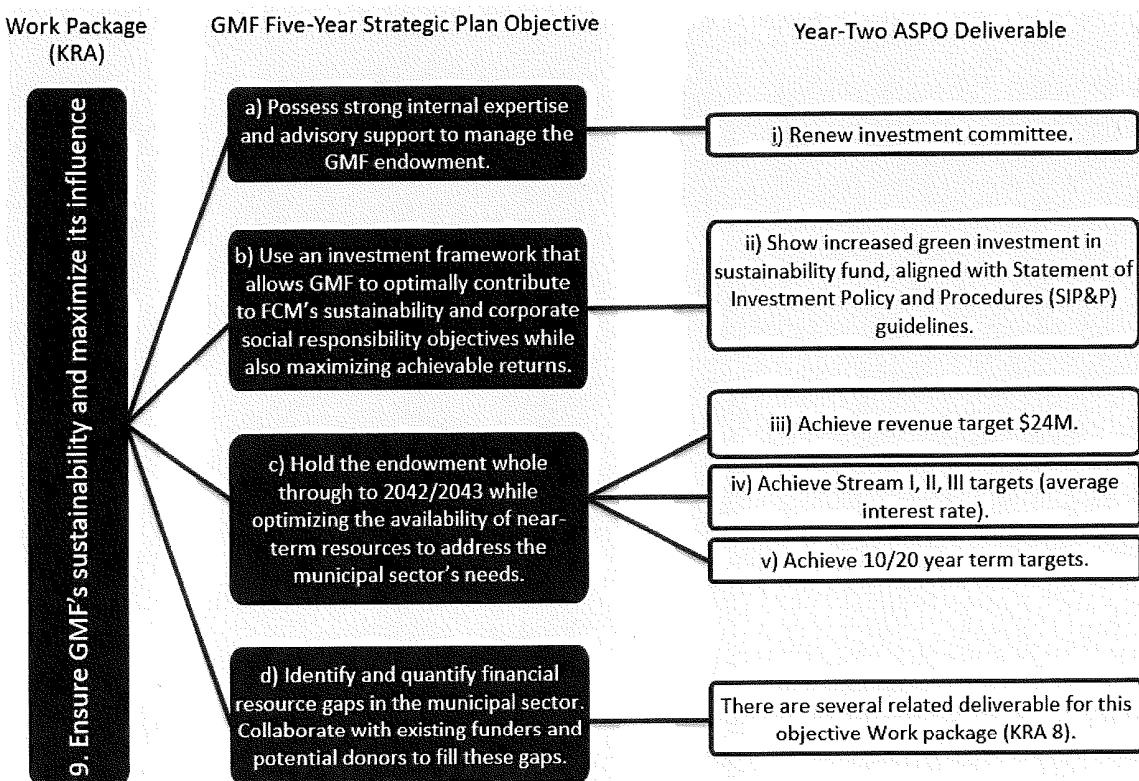
The GMF will also continue to raise awareness of investment opportunities associated with its mandate, and explore brokering opportunities with potential investment partners to solicit interest for co-investment at the GMF project level or GMF fund level. This work will also look for opportunities to leverage funding for projects independently of GMF project funding. As the culmination of those efforts, and in order to demonstrate the viability of the GMF playing a role in more proactively bridging other sources of financing into the municipal sustainability sector, a further deliverable of materially advancing a brokered co-funding transaction with at least one partner by the end of year two has been established as a deliverable for this KRA.



KRA 9: Ensure GMF's sustainability and maximize its influence

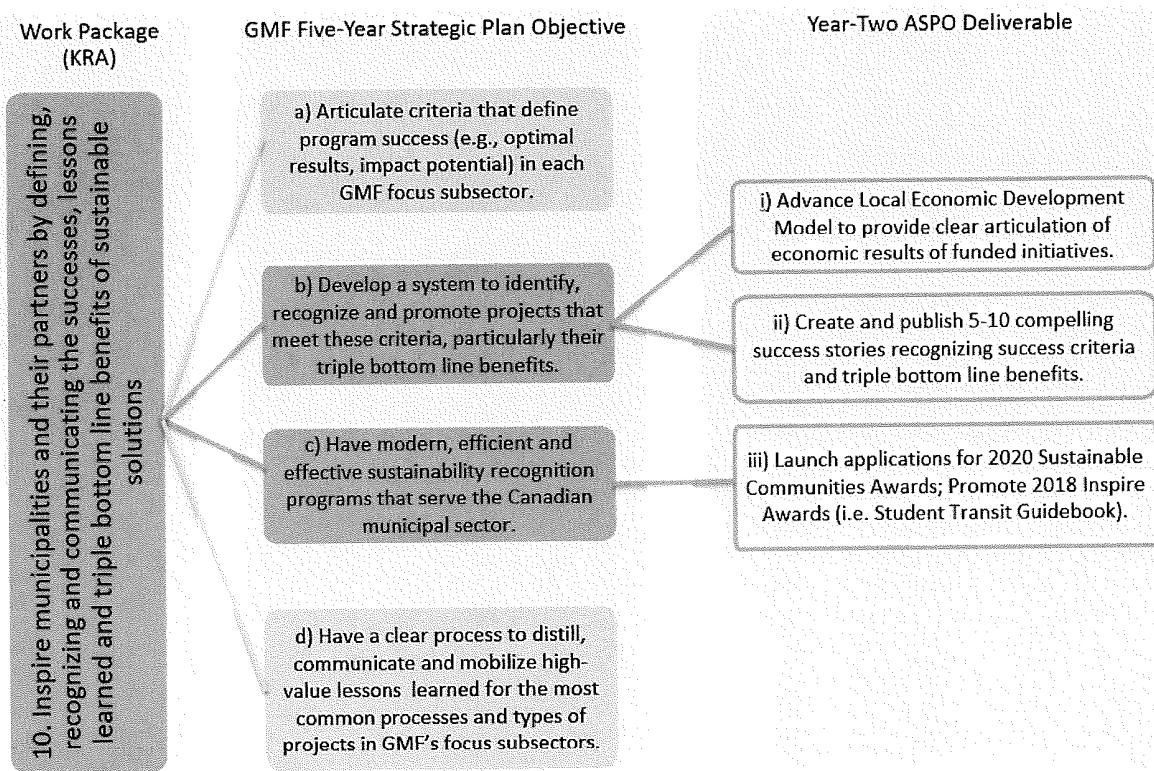
The GMF will continue to address fund sustainability by further increasing its annual revenue target in keeping with its new investment policy and its loan portfolio strategy. Revenue objectives associated with the loan portfolio will be achieved by meeting the Stream I, II, and III funding targets and 10 to 20 year loan term objectives outlined in Appendix A and B. In addition to these revenue increase deliverables, the GMF will be renewing its investment committee, which requires the replacement of two members whose terms have expired.

The GMF will also continue to mandate its Investment Portfolio Manager to participate in emerging environmental, social, and governance (ESG) compliant investment opportunities wherever possible while maintaining compliance with revised GMF investment policy.



KRA 10: Inspire municipalities and their partners by defining, recognizing and communicating the successes, lessons learned and triple bottom line benefits of sustainable solutions

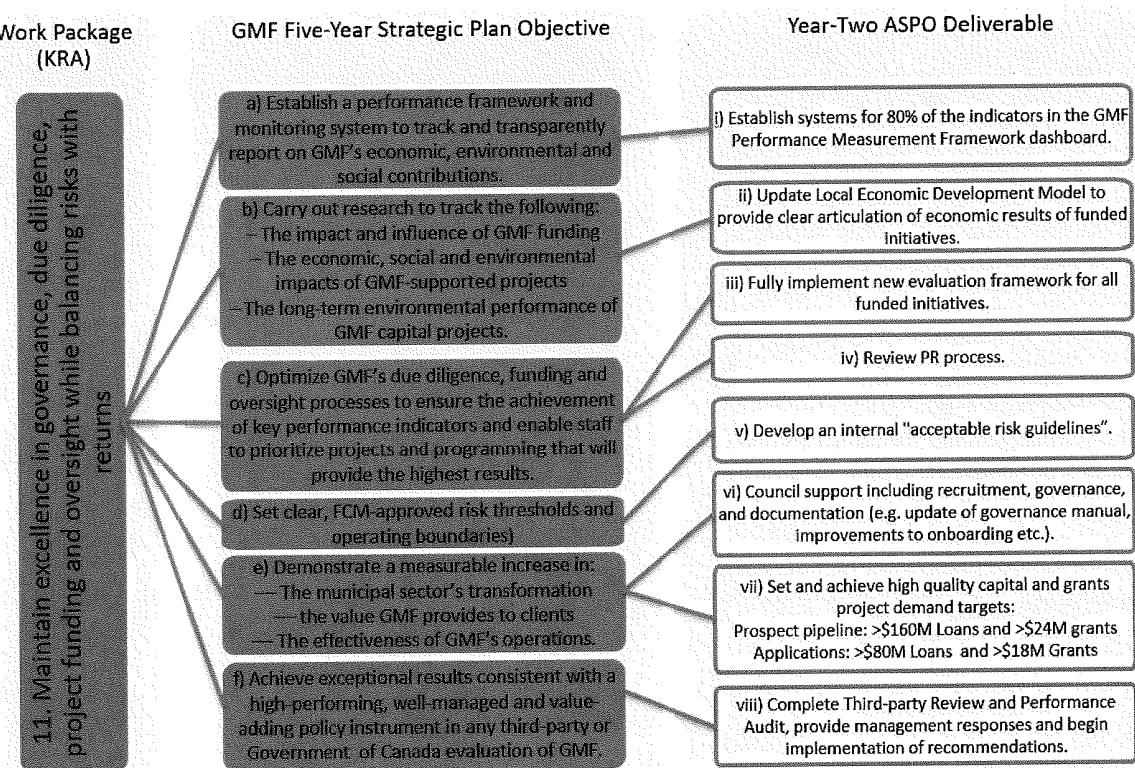
Key deliverables for this KRA in year two will include; continuing to refine and implement more broadly the Local Economic Development (LED) model enabling GMF to articulate job creation, incremental GDP, and operating cost benefits of specific GMF funded initiatives. This economic benefits results model will provide a key component of the 5-10 success story narratives the GMF will create in year two (deferred from 2018-2019). The GMF will also launch the application process for the 2020 Sustainable Communities Awards and will continue to promote the 2018 award winner, the Kingston Student Transit Initiative, to take advantage of the strong interest in replicating the initiative.



KRA 11: Maintain excellence in governance, due diligence, project funding and oversight while balancing risks with returns

This KRA will continue to be a very active area of focus for the GMF in year two. Several internal management systems and processes are targeted to be created or renewed to continue to help the GMF achieve ever increasing results. The GMF will complete the data-tracking systems and associated management dashboard development for the majority of its new Performance Management Framework indicators (target is 80% completion by end of year two). The development of management dashboards was a primary recommendation from GMF's most recent third-party Five-Year Performance Audit and Review conducted in 2014.

The GMF will also implement the new project evaluation framework developed in year one across all of its funding offers, conduct a review of its peer review process and make appropriate improvements, and develop an internal set "acceptable risk guidelines" to enable efficient processing of Stream II and Stream III deals. The GMF will also be updating its governance documentation and bylaws to reflect current conditions and improve the effectiveness of Council member onboarding during this period of significant renewal. A significant area of focus for the GMF in year two will be to complete its next third-party Five-Year Performance Audit and Review in accordance with its funding agreement. Finally, as stated above, the GMF will look to build some resilience in its funding opportunity funnel by targeting and application pool of at least \$80M in high quality capital projects loans and \$18M in overall quality grants applications.



Appendix A: Risk Profile & Target Risk Allocations

**Table 1: Risk profile of the total loan portfolio
(committed and outstanding)**

At December 31, 2018

Committed and outstanding loans	Number of loans	\$ per risk category (in millions)	% per risk category (December 31, 2018)	% Target for 2019-2020
Low Risk (A)	89	\$ 250.8	59.6%	At least 30%
Low/ Medium Risk (B)	39	\$ 90.8	21.6%	At least 20%
Medium Risk (C)	12	\$ 57.4	13.7%	Up to 25%
Medium/ High Risk (D)	3	\$ 20.8	4.9%	Up to 10%
High Risk (E)	1	\$ 0.7	0.2%	Up to 15%
Total	144	\$ 420.5		

As of December 31, 2018, the total loan portfolio (Table 1) was within the risk-allocation targets set for 2018–2019. During the first three quarters of 2018–2019, there were no material changes to the risk profile of the total loan portfolio. For further analysis on changes in the risk profile of the loan portfolio, please see Table 2 and Table 3 as well as the accompanying notes.

The total loan portfolio continues to remain weighted toward the low-risk municipal sector, as there is greater demand in for this category. The GMF is continuing its efforts to build the medium-risk portfolio, to improve yields and for better portfolio diversification. The GMF will be opportunistic and take calculated risks with respect to private-sector deals to ensure fund sustainability.

Table 2: Risk profile of the outstanding loan portfolio
At December 31, 2018

Outstanding Loans	Number of Loans	\$ per Risk Category (in millions)	% per Risk Category (December 31, 2018)
Low Risk (A)	74	\$ 184.9	60.0%
Low/ Medium Risk (B)	35	\$ 80.3	26.0%
Medium Risk (C)	8	\$ 31.5	10.2%
Medium/ High (D)	2	\$ 10.9	3.5%
High Risk (E)	1	\$ 0.7	0.2%
Total	120	\$ 308.3	

The risk profile of the outstanding loan portfolio (Table 2) shows the risk distribution of loans that are disbursed and in repayment. At December 31, 2018, 120 loans were mostly or fully disbursed, for an aggregate outstanding amount of 308.3 million.

Table 3: Risk profile of the committed loan portfolio
At December 31, 2018

Committed Loans	Number of Loans	\$ per Risk Category (in millions)	% per Risk Category (December 31, 2018)
Low Risk (A)	15	\$ 65.9	58.7%
Low/ Medium Risk (B)	4	\$ 10.5	9.4%
Medium Risk (C)	4	\$ 25.9	23.1%
Medium/ High (D)	1	\$ 9.9	8.8%
High Risk (E)	0	\$ -	0.0%
Total	24	\$ 112.1	

The committed loans (i.e. approved but not yet disbursed) have also been assigned a risk level. At December 31, 2018, 24 loans were committed, for an aggregate committed amount of \$112.1 million. These loans are expected to be disbursed within the next four years.

Table 4: Annual risk allocation targets for the 2019–2020 funding envelope

Stream	Risk Category	Stream % of Total Funding	Loan Approvals (in millions)	Interest Rate Average
I	Low Risk (A) & Low/Medium Risk (B)	60%	\$ 32.4	4.10%
II	Medium Risk (C) & Medium/High Risk (D)	20%	\$ 10.8	4.63%
III	High Risk (E)	20%	\$ 10.8	7.00%
Total/Average			\$ 54.0	4.79%

Targets

The risk targets have been determined taking into consideration the current pipeline, empirical evidence of the past few years and consultations with the GMF Funding Services and Marketing units, as they engage with borrowers on a regular basis.

Considering the mandate of the fund is to support municipalities, coupled with the demand originating from the municipal sector on a consistent basis, 60% of the loan funding envelope for 2019–2020 has been retained for Stream 1 projects. Continued efforts remain to build the mezzanine portfolio of Stream 2, for enhancing returns and better diversification. As such, 20% of the annual loan target has been allocated to Stream 2 projects. An allocation of 20% for Stream 3 projects has been established to ensure that adequate funding is available for good quality private sector projects. However in its absence the allocated funding for Stream 3 could be utilized in either Stream 1 or Stream 2, in order to meet the annual funding targets.

Loan interest rates

An average interest rate of 4.79 per cent is targeted for 2019–2020, which is well above the 4.21 per cent target established for the previous fiscal year. Although interest rates have stabilized in the recent past as a result of global concerns, overall rates remain generally higher than the past few years. Also, with the spike in interest from private sector entities for GMF funds a target allocation of 20% of annual funding has been established, which also would have a positive impact on overall returns as private sector borrowers are priced higher than municipal borrowers.

The GMF continues to maintain a competitive advantage compared to its peers in terms of pricing, in order to remain attractive to its borrowers. For municipalities, the GMF must remain a lender of first choice.

Appendix B: Compliance Indicators 2019–2020

The following tables outline compliance indicators as required by revised Funding Agreement 2018. FCM staff will report quarterly to the GMF Council on progress against these indicators in 2019–2020.

Urban-Rural balance		
The GMF Council oversees funding recommendations and advises the FCM Board on an appropriate urban-rural balance of approved grants and loans in Canadian communities.		
Indicator	Status at December 31, 2018 (since inception)	Target 2019–2020
Net approved grants and loans to urban communities compared to total net approved. (81.1% of Canadian population)	\$673.1M net approved to urban communities, representing 78.5% of total net approved funding. 908 net number of approved projects in urban communities, representing 70.1% of total net approved initiatives.	\$48.7M, representing 81% of total available funding for year 2019–2020.
Net approved grants and loans to rural communities compared to total net approved. (18.9% of Canadian population)	\$184.6M net approved to rural communities, representing 21.5% of total net approved funding. 387 net number of approved projects in rural communities, representing 29.9% of total net approved initiatives.	\$11.3M, representing 19% of total available funding for year 2019–2020.

FCM defines rural communities as all municipalities with a population of less than 10,000 and all regional municipalities where each of the member municipalities has a population of less than 10,000. “Net approved” refers to the total gross number of initiatives (or amount of funding) approved, including plans, feasibility studies, pilot projects and capital projects, less those that were withdrawn or cancelled.¹ Historically, the value of GMF funding to urban and rural communities has been close to the population ratio of 81:19. In the last five years, there has been a greater proportion of funding approved to rural communities, and there will be continued focus on increasing this proportion.

¹ Not all approved initiatives are funded. Some approved initiatives are withdrawn (when circumstances prevent the project from commencing) and some are cancelled, when a portion of the approved funding is not disbursed due to either a change in project scope or a decreased level of eligible costs compared to those originally budgeted.

Regional balance		
The GMF Council oversees funding recommendations and advises the FCM Board on an appropriate regional balance of approved grants and loans across Canada.		
Indicator ²	Status at December 31, 2018 (since inception and five-year period)	Target 2019–2020 ³
Approved GMF funding to Quebec (23.6% of Canadian population)	Cumulative since inception: \$142.3M net approved to Quebec, representing 16.6% of total net approved funding. Five-year period (Since FY 2013–2014): \$41.9M net approved to Quebec, representing 18.8% of total net approved funding.	\$14.2M, representing 23.6% of total available funding for 2019–2020.
Approved GMF funding to Prairies region – Alberta, Manitoba, Saskatchewan (17.6% of Canadian population)	Cumulative since inception: \$122.9M net approved to Prairies, representing 14.3% of total net approved funding. Five-year period (Since FY 2013–2014): \$42.9M net approved to Prairies, representing 19.2% of total net approved funding.	\$10.6M, representing 17.6% of total available funding for 2019–2020.
Approved GMF funding to British Columbia (13.1% of Canadian population)	Cumulative since inception: \$168.9M net approved to British Columbia, representing 19.7% of total net approved funding. Five-year period (since FY 2013–2014): \$43.4M net approved to British Columbia, representing 19.4% of total net approved funding.	\$7.9M, representing 13.1% of total available funding for 2019–2020.
Approved GMF funding to Northern region – Yukon, Northwest Territories, Nunavut (0.3% of Canadian population)	Cumulative since inception: \$9.8M net approved to the Northern region, representing 1.1% of total net approved funding. Five-year period (Since FY 2013–2014): \$0.7M net approved to the Northern region, representing 0.03% of total net approved funding.	\$183K, representing about 0.3% of total available funding for 2019–2020.
Approved GMF funding to Ontario (38.4% of Canadian population)	Cumulative since inception: \$299.1M net approved to Ontario, representing 34.9% of total net approved funding. Five-year period (since FY 2013–2014): \$87.9M net approved to Ontario, representing 39.4% of total net approved funding.	\$23.4M, representing 38.4% of total available funding for 2019–2020.
Approved GMF funding to Atlantic region - New Brunswick, Nova Scotia, Prince Edward Island, and Newfoundland and Labrador (7.0% of Canadian population)	Cumulative since inception: \$114.7M net approved to the Atlantic region, representing 13.4% of total net approved funding. Five-year period (since FY 2013–2014): \$7.1M net approved to the Atlantic region, representing 3.2% of total net approved funding.	\$4.2M, representing 7% of total available funding for 2019–2020.

² All population figures are based on 2011 Census data.

³ Targets for 2018–2019 have been adjusted compared to the proportional population in each region, to account for the difference in cumulative net approvals between regions. FCM will not proactively seek applications from oversubscribed regions. However, FCM will consider eligible and innovative funding applications from these regions.

To meet the regional balance directive in the GMF Funding Agreement, FCM has divided Canada into six regions, as shown in the table above. “Net approved” refers to the gross number of initiatives (or amount of funding) approved — including plans, feasibility studies, pilot projects and capital projects — less those that were withdrawn or cancelled.⁴

Since inception, funding approvals have been approximately proportional to the regional demographics, except in Quebec, where the cumulative net approved funding since inception is currently at 16.6 per cent compared to its relative population of 23.6 per cent, and, to a lesser extent, Ontario, where the cumulative net approved funding since inception is at 34.9 per cent compared to its relative population of 38.4 per cent.

To increase the number of applications from Quebec and Prairie municipalities and their partners, various initiatives have been successfully implemented over the last few years as part of a comprehensive strategy. These activities have resulted in a notable increase in the amount of approved funding in Quebec, as seen in the larger proportion of funding allocated in the most recent five-year period. Similar results have been obtained for the Prairies in the most recent five-year period. FCM will not proactively seek applications from regions that are oversubscribed based on data from the most recent five-year period. However, FCM will consider eligible and innovative funding applications from these regions.

Funding allocated to Ontario over the last five-year period is 39.4 per cent of the total amount, compared to 34.9 per cent of total funding awarded since inception.

Funding targets		
FCM shall use its best efforts to:		
	<ul style="list-style-type: none"> • Commit \$4.5–9.5M per year in grants for plans, studies and pilots tests • Commit \$4.5–13.5M per year in grants for capital projects • Commit \$30.0–90.0M per year in loans for capital projects 	
Indicator	Average net approved yearly funding since inception ⁵	Target 2019–2020
Total grants approved for plans, studies and pilots	\$5.1M (TBC)	\$6.0M (TBC)
Total grants approved for capital projects	\$5.2M (TBC)	\$8.1M (TBC)
Total loans approved for capital projects (including brownfields)	\$39.4M (TBC)	\$54.0M (TBC)

The FA specifies the range of funding to be committed to municipal environmental initiatives each year through application approvals. FCM understands “committed” to mean approved. “Municipal environmental projects” refers to all eligible project types: sustainable community plans, feasibility studies, pilot projects and capital projects. FCM sets annual targets within those ranges, based on current Fund sustainability considerations, and reports on success in achieving those targets in the Annual Report.

⁴ Not all approved initiatives are funded. Some approved initiatives are withdrawn (when circumstances prevent the project from commencing) and some are cancelled, when a portion of the approved funding is not disbursed due to either a change in project scope or a decreased level of eligible costs compared to those originally budgeted.

⁵ Average approved funding since inception excludes data from FY 2017–2018 as it is not yet available.

GMF investments and loans		
FCM will:		
<ul style="list-style-type: none"> Maintain Fund Assets of at least \$625 million⁶ 		
Indicator	Status at December 31, 2018	Target 2019–2020
Amount of Fund assets (net of the Reserve)	\$704.8M	>\$625M

FCM has complied with the FA requirement to maintain Fund assets over \$625 million. At December 31, 2018, the fund balance was \$704.8 million.

Annual audits, program planning and reporting	
FCM will:	
<ul style="list-style-type: none"> Maintain separate accounts for the Fund, conduct an annual independent third-party financial audit and submit the audited financial statements by August 31 Publish and submit an annual report of GMF activities and performance by August 31 Provide an Annual Statement of Plans and Objectives by April 1 Complete an independent third-party five-year review and performance audit of GMF 	
Indicator	Target 2019–2020
External audit of the 2018–2019 financial operation of the Fund	June 2019
Publication of the 2018–2019 <i>GMF Annual Report</i> and distribution to the Minister of Environment and Climate Change, the Minister of Natural Resources, and the Minister for Infrastructure and Communities and Intergovernmental Affairs, for tabling in Parliament	August 31, 2019
Publication of the 2019–2020 ASPO and distribution to the Minister of Environment and Climate Change, Minister of Infrastructure and Communities and the Minister of Natural Resources, for tabling in Parliament	April 1, 2019
Submission of five-year review and performance audit to the Minister of Environment and Climate Change, Minister of Infrastructure and Communities and the Minister of Natural Resources, for tabling in Parliament	September 30, 2019

As outlined in the FA, FCM is required to submit an Annual Statement of Plans and Objectives (ASPO) and an Annual Report for GMF to the Minister of Environment and Climate Change, Minister of Infrastructure, Communities, and Intergovernmental Affairs, and the Minister of Natural Resources. The ASPO is a high-level plan that outlines how FCM will work to attain the objectives and goals articulated under each key result area in the GMF's Five-Year Strategic Plan 2018–2023. The ASPO 2019–2020 aligns with the GMF Strategic Plan and FCM's overall strategic objectives.

In 2014, FCM engaged Ernst & Young to perform its most recent five-year review and performance audit of GMF as required under the FA. Subsequent to the submission of the auditor's final reports to the Ministers, FCM prepared a multi-year action plan to address the auditor's recommendations. Status updates on the implementation of the action plan are provided to GMF Council on an annual basis. The next five-year review and performance audit will take place in 2019.

⁶ Excluding the value of the Reserve for Guarantees and the Reserve for Non-Performing Loans.

Appendix C: GMF Budget 2019–2020

This table outlines the GMF budget for the 12 months ending March 31, 2020.

Expenses	Budget 2019–2020 (\$)
Management (also includes operating expenses such as audit, rent, and allocations for information systems, finance and human resources)	3,604,295
Risk Management Unit	1,082,239
GMF Council	544,450
Program and Performance	575,522
Outreach	487,222
Communications	898,244
Funding Services (including Peer Review Committee)	1,560,621
Knowledge Services	1,242,459
Capacity Building	1,352,787
Total Expenses	11,347,840
Maximum budget allowed	12,500,000

Appendix D: GMF Logic Model

Figure A-1 is the GMF Logic Model, which articulates its purpose, subsector visions, and intermediate outcomes. The top level is fairly consistent with the Logic Model in the GMF's previous three-year plan, though there is a new emphasis on hastening the transition to sustainability. The Logic Model also lists the Work Packages that the GMF needs to undertake in order to have a complete set of tools that address the municipal sector's sustainability needs. Work Packages are split into three categories:

- existing GMF areas of focus (few changes are proposed as they are working well),
- traditional GMF areas of focus, in which there are promising opportunities for enhancement or realignment,
- net new GMF work packages.

The numbering below each intermediate outcome goal refers to the relevant work package listed on its right.

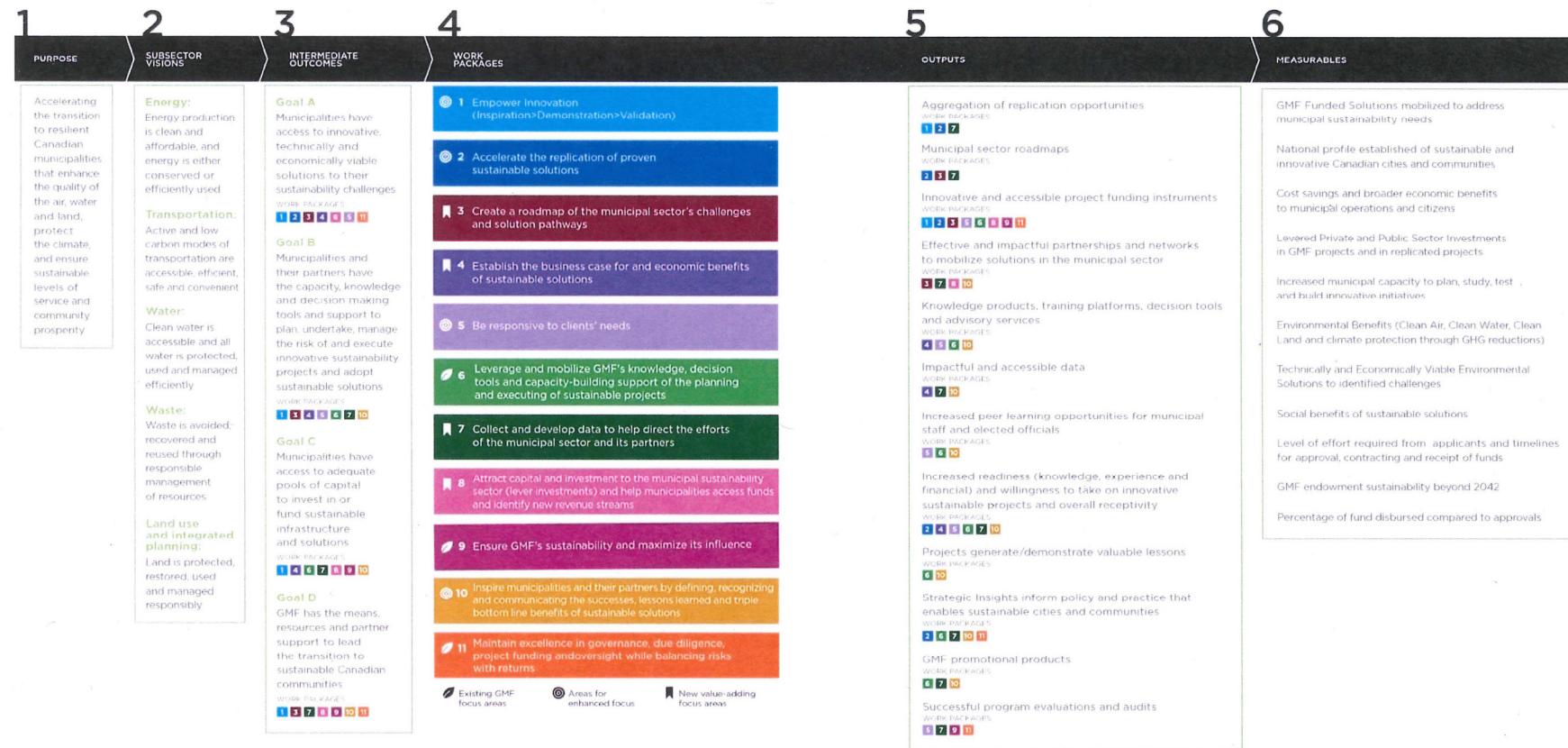


Figure A-1 – GMF Logic Model